

Energy Efficiency Financing

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Financing - Purpose

- A tool to encourage and enable adoption of energy efficiency measures by customers.
- Removes barriers to customer adoption of energy efficiency measures, helping to meet participation and energy savings goals.
- Lays the groundwork for and encourages market transformation.

Financing Mechanisms

Third Party Financing

- Program Administrator works with Third Party lending institution to offer loans for qualified measures.
 - Capital Source – Lending Institution
 - Qualification – Lending Institution Criteria
 - Interest Rate – Varies, market rate or bought down to desired level with EE funds
 - Repayment – Unsecured loan, term based on loan amount
- Lending experts have capacity and process to service large volumes
- Proven model for utilities scaling up with EE

Third Party Financing

Current NH Offering

- Residential loans for qualified measures
- Five In-State Lending Partners
- Buy down to 2% interest
- Up to \$15,000 over 7 years



- 2016
 - 58 Loans
 - \$6,412 Average loan amount



Financing Mechanisms

On-Bill Financing

- Utility offers loans for qualified measures, which customers pay back on their monthly bill
 - Capital Source – EE Funds or Third Party
 - Qualification – Utility Bill History and/or Credit Score
 - Interest Rate – Varies, 0% or included in project cost as a fee if Third Party is capital source
 - Repayment – Attached to account, term based on loan amount

On-Bill Financing Current NH Offering

- Residential Loans for Qualified Measures
 - \$2,000 or less
 - 0% interest, 2 year term
- 2016
 - 33 Loans
 - \$1,650 Average Loan
- 2014 (previous model)
 - 152 Loans
 - \$4,592 Average Loan
- Commercial and Municipal Loans for some utilities

Financing Mechanisms

Smart Start

- On-bill repayment tied to the meter for eligible measures
 - Capital Source – EE Funds or Third Party
 - Qualification – Utility Bill History
 - Interest Rate – Varies, 0% or included in project cost as a fee if Third Party is capital source
 - Repayment – Attached to meter, term based on loan amount or scaled with projected EE savings

Smart Start Current NH Offering

- Municipal Loans – Smart Start Program
 - Eversource and NHEC offering since 2002
 - 0% (Eversource, with a reduction in rebate), 3% NHEC
 - Term depends on energy savings and loan amount
- 2016
 - 22 Loans
 - 20% of municipal projects
- Commercial Loans – NHEC
 - 2 Loans

Financing Mechanisms – Looking Ahead

Financing alone will not support significant increased energy efficiency activity, but should be used as a tool to encourage private investment and to remove barriers for customers.

- “We agree that financing is an important and useful tool, and we encourage efforts to experiment with new strategies in order to extend financing’s reach. However, financing should not be the only tool in our kitbag. Lack of access to capital is just one of the key barriers to energy efficiency, and not all customers want to or can access financing.” (NEEP website – reference to ACEEE’s blog authored by Steve Nadal)
- “Finance is Necessary, But Not Independently Sufficient – Availability of finance can drive development of EE projects, but financing alone, or simply the existence of available investment capital, is not sufficient to move the market.” (Strategies for Energy Efficiency Finance, December 2014, Regulatory Assistance Project)

Financing Mechanisms – Looking Ahead

- Residential
 - Continued focus on Third Party offerings
 - Streamlining process, reviewing eligible measures, looking at interest rates
 - Continue on-bill for smaller loans
- Commercial
 - Investigate additional options for small business
- Municipal
 - Continue Smart Start and On-Bill offerings